



County of Los Angeles  
**CHIEF ADMINISTRATIVE OFFICE**

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DAVID E. JANSSEN  
Chief Administrative Officer

June 15, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

Dear Supervisors:

**AMENDMENT NO. 1 TO THE AGREEMENT FOR REIMBURSEMENT OF TAX  
INCREMENT FUNDS FOR THE FOURTH AMENDMENT TO THE REDEVELOPMENT  
FOR THE HOOVER REDEVELOPMENT PROJECT**

**(SECOND DISTRICT) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve Amendment No. 1 (Amendment) to Agreement for Reimbursement of Tax Increment Funds (Agreement) of October 1, 1985 between the Community Redevelopment Agency of the City of Los Angeles (Agency) and the County of Los Angeles (County) for the Fourth Amendment to the Redevelopment Plan for the Hoover Redevelopment Project in order to redefine the mutual obligations of the parties with respect to the allocation and use of tax increment.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The proposed Amendment redefines the obligations of the City and County in regard to the allocation and use of tax increment derived from the Exposition Park portion of the Expansion Area of said project. Under the existing Agreement, the Agency reimburses the County 100 percent of tax increment generated from the Exposition Park portion. However, that portion can be reduced if the Agency undertakes a program or programs to provide parking facilities or circulation improvements relating to Exposition Park. The existing Agreement does not place a limit on the cost of the program the Agency can undertake.

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In order to alleviate the County's uncertainty in its share of tax increment, the Amendment shall provide the County with 44.9 percent of tax increment generated after required payment to Low and Moderate Income Housing Fund. In exchange, the Agency shall retain 55.1 percent of the remaining tax increment after required payment to the Low and Moderate Income Housing Fund to use for any purpose consistent with Community Redevelopment Law.

The Agency states that the Amendment is intended to facilitate their efforts to improving and preserving the Los Angeles Memorial Coliseum and the Exposition Park area.

#### **Implementation of Strategic Plan Goals**

This recommendation is consistent with the following Strategic Plan Goal:

Goal 4: Fiscal Responsibility: Strengthen the County's fiscal capacity.

The recommended action promotes coordination of the efforts to encourage development and economic growth in blighted areas.

#### **FISCAL IMPACT/FINANCING**

The Amendment should have a positive financial impact on the County. Currently, the County is entitled to 100 percent of the tax increment generated from the Exposition Park area annually, which is approximately \$8,000. If the Agency is successful in revitalizing the Exposition Park area, which should result in increased property and/or possessory interest values, the Amendment will benefit the County by guaranteeing a pass-through of 44.9 percent of increased tax increment (the percentage the County is entitled to if there were no redevelopment project).

If the Agency is successful with their efforts without the Amendment, the County would receive 100 percent of tax increment of the higher property tax and/or possessory interest less the cost of the Agency to undertake a program or programs to provide parking facilities

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or circulation improvements relating to Exposition Park. However, since there is no provision in the current Agreement limiting the cost of the program or programs the Agency can undertake, there is no guarantee the County would receive a full pass-through.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The proposed Amendment No. 1 is attached. The following is a summary of the main provisions of the proposed Amendment:

- The Agency's Low and Moderate Income Housing Fund shall receive 20 percent of gross tax increment generated from Exposition Park area;
- The County shall receive 44.9 percent of tax increment net of Low and Moderate Income Housing Fund generated from the Exposition Park area;
- The Agency shall retain 55.1 percent of tax increment net of Low and Moderate Income Housing Fund generated from the Exposition Park area;
- The Agency shall expend their tax increment share for any purpose allowed pursuant to Community Redevelopment Law: and
- The Amendment shall be of no force or effect if the Agency does not commence construction of a program to revitalize the Exposition Park area by the end of the fifth year following the execution of the Amendment.
- The County's share is subordinated to debt service payments the Agency will incur, but the County has the opportunity to deny debt issuance if they believe the Agency will not be able to ensure full County pass-through and pay debt service.

The Agency and City approved the Amendment on May 6, 2004 and May 21, 2004, respectively.

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**IMPACT ON CURRENT SERVICES**

The Amendment will not have an impact on current services.

**CONCLUSION**

At such time as the recommendation is approved by your Board and the four originals of the Amendment are executed by the Chair, please return one copy of the Board letter and three originals of the Amendment to the Chief Administrative Office, Office of Unincorporated Area Services and Special Projects.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David E. Janssen", with a stylized flourish at the end.

DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:MKZ  
JR:nl

Attachment

c: Auditor-Controller  
County Counsel  
Los Angeles Community Redevelopment Agency  
City of Los Angeles

**FIRST AMENDMENT TO THE AGREEMENT FOR REIMBURSEMENT  
OF TAX INCREMENT FUNDS FOR THE FOURTH AMENDMENT TO  
THE REDEVELOPMENT PLAN FOR THE HOOVER REDEVELOPMENT  
PROJECT BETWEEN THE COUNTY OF LOS ANGELES AND THE  
COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS  
ANGELES.**

This FIRST AMENDMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2004 by and between the COUNTY OF LOS ANGELES ("County") and the COMMUNITY REDEVELOPMENT AGENCY OF THE CITY OF LOS ANGELES ("Agency")

**RECITALS:**

A. County and Agency on October 1, 1985 entered into the AGREEMENT FOR REIMBURSEMENT OF TAX INCREMENT FUNDS (County's agreement number 50941) ("Original Agreement"), setting forth certain rights and obligations of the parties in connection with the Fourth Amendment to the Redevelopment Plan for the Hoover Redevelopment Project ("Project"). The Original Agreement was intended to mitigate the County's fiscal concerns arising from the adoption of the Project, and by limiting the impact of tax diversion upon the county, permit the Project to proceed.

B. Circumstances in the area embraced by the Project have changed in the years since its adoption, and in particular, the Los Angeles Memorial Coliseum is currently exploring preservation measures.

C. The Los Angeles Memorial Coliseum and Exposition Park are located in the Project and the improvement of the economic health of the neighborhoods and surrounding community would be facilitated by their preservation and reuse. The parties desire to provide for facilities and improvements to support that preservation and reuse.

D. The purpose of this Amendment is to redefine the mutual obligations of the parties with respect to the allocation and use of tax increment derived from the Exposition Park portion of the Expansion Area (shown on Exhibit B of the Original Agreement). The Amendment is intended to facilitate the Agency's efforts respecting preservation of the Los Angeles Memorial Coliseum and Exposition Park by affording additional tax increment resources and flexibility in their use.

Now, therefore, in consideration of the mutual obligations in this Amendment, the parties agree as follows:

**1. Effectiveness.** This Amendment shall be effective upon its execution by both Agency and County, provided however, that if Agency does not commence construction upon a program of improvements which support the preservation and reuse of the Los Angeles Memorial Coliseum and Exposition Park by the Cancellation Date, this Amendment shall be canceled and shall be of no force and effect.

**2. Definitions.** For purposes of this amendment the following phrases shall have the following meaning:

“Low-Moderate Housing Obligation” means the Agency’s obligation pursuant to Health & Safety Code §33334.2, or any related or successor legislation, to use tax increment allocated to the Agency for the purposes of increasing, improving, and preserving the community’s supply of low- and moderate-income housing available at affordable housing cost.

“Cancellation Date” means the end of the fifth year following the execution of this Amendment by the parties.

**3. Amended Provisions.**

a. Paragraph number three of the Original Agreement is modified to read in its entirety as follows:

3. Tax revenues generated by application of the basic tax levy, and any tax rates levied for the purpose of paying voter approved indebtedness, to any increases in assessed valuation within the Exposition Park portion of the Expansion Area (shown on Exhibit B) which is allocated and paid to the Agency pursuant to Health and Safety Code Section 33670 shall be utilized as follows:

- (i) The amount of such tax revenues actually deposited by the Agency in its Low and Moderate Income Housing Fund to meet the Agency’s Low-Moderate Housing Obligation, not to exceed 20% annually, shall be retained by the Agency for such purposes;
- (ii) The Agency shall annually reimburse to the County taxing entities 44.9% of such tax revenues remaining after the Agency’s Low-Moderate Housing Obligation retention under sub-paragraph (i) above;
- (iii) The Agency shall retain 55.1% annually of such tax revenues remaining after the Agency’s Low-Moderate Housing Obligation retention under sub-paragraph (i) above to be expended for any lawful purpose.

The foregoing County contribution toward Agency’s Low-Moderate Housing Obligation applies solely to the Exposition Park portion of the Expansion Area, and shall not affect the disposition of revenues from the any other Project areas. If Agency voluntarily or involuntarily devotes more than 20% of Project increment to its Low-Moderate Housing Obligation, County’s obligation shall not increase. If in any fiscal year Agency devotes less than 20% to its Low-Moderate Housing Obligation, County’s reimbursement shall be determined net of such lesser percentage.

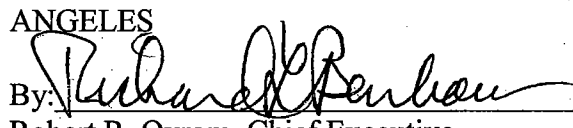
**4. Subordination** The Agency may subordinate its obligation to make the reimbursements to the County required by this Agreement to the pledge of tax increments from the Project to the repayment of tax allocation bonds and other indebtedness of the Project, provided that the County has approved these subordinations pursuant to the following procedures: (a) the Agency shall prior to the sale of any tax allocation bonds or other indebtedness provide the County with written notice as to when the bond is to be issued, together with a copy of a report from a qualified independent financial consultant demonstrating, based on reasonable assumptions and projections, that sufficient funds will be available to pay both the debt service and the reimbursements required by this Agreement, when due; (b) within 45 days after receipt of the Agency's notice and request, the County shall approve or disapprove the request for subordination. The County may disapprove a request for subordination only if it concludes upon substantial evidence that the Agency will not be able to pay the debt service payments and the reimbursements required by this Agreement; (c) if the County does not act within 45 days after receipt of the Agency's notice and request, the request to subordinate shall be deemed approved and shall be final and conclusive.

**5. Continued Effect of Original Agreement.** All provisions of the Original Agreement, except as modified by this Amendment, shall remain in full force and effect and are reaffirmed. Other than as stated in this Amendment this Amendment shall not operate as a waiver of any condition or obligation imposed on the parties under the Original Agreement.

**6. Interpretation of Amendment.** In the event of any conflict, inconsistency or incongruity between any provision of this Amendment and the Original Agreement, the provisions of this Amendment shall govern and control.

IN WITNESS THEREOF, the Community Redevelopment Agency of the City of Los Angeles and the County of Los Angeles, have caused this Amendment to be executed on their behalf by their duly authorized representatives as of the date set forth hereinabove.

COMMUNITY REDEVELOPMENT  
AGENCY OF THE CITY OF LOS  
ANGELES

By:   
Robert R. Ovrom, Chief Executive  
Officer/Administrator

APPROVED AS TO FORM:  
Agency General Counsel

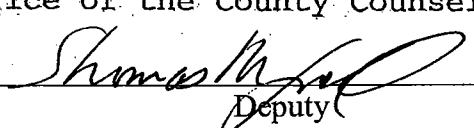
By:   
Deputy City Attorney

COUNTY OF LOS ANGELES

By: \_\_\_\_\_  
Don Knabe, Chairman

APPROVED AS TO FORM:

Office of the County Counsel

By:   
Deputy